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5 'Inner-Core' Nations in EC May Act Faster on Integration

By William Drozdiak Washington Post Service BRUSSELS — Faced with the risk of spreading nationalism, senior European officials say that momentum is escalating to adopt a "multispeed" Europe, with France, Germany and the Benelux countries possibly forming an integrated core with a single currency and seamless borders within five years.

Mr. Delors' comments came as a sharp rebuttal to the declaration on Thursday by Prime Minister John Major of Britain that he saw no chance of ratifying the Maastricht treaty as long as Denmark did not find a way to reconsider its rejection in June.

The German newspaper Die Welt reported that Chancellor Helmut Kohl and President Francois Mitterrand had hatched a "secret plan" at their meeting in Paris on Tuesday that calls for early integration with Belgium, the Netherlands and Luxembourg.

Kohl Holds Firm on EC Union

By Craig R. Whitney New York Times Service BONN — Chancellor Helmut Kohl on Friday rejected attempts to blame German economic and monetary policy for the turmoil on European currency markets and said he would press for rapid political and economic union in the European Community.

Germany and France would be able to maintain the existing parity of the franc and the Deutsche mark, Mr. Kohl said, because French economic policy had been as successful as Germany's at controlling inflation for some time.

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Traders Overwhelm Central Banks Volume of Transactions Outpaces Government Reserves

By Allen R. Myerson New York Times Service NEW YORK — Figures released by the Federal Reserve Bank and other central banks suggest that the ability of the leading economies to defend their currencies on the world's foreign-exchange markets has slipped markedly in the past three years.

In fact, the foreign-exchange reserves held by the world's central banks now amount to only \$1 trillion — 10 percent more than the average daily volume of currency trading.

"It's a huge flow to fight against," Stephen H. Axilrod, vice chairman of Nikko Securities International and a former top official at the Federal Reserve Board, said in commenting on the enormous trading activity.



Members of the advance team of Japan's UN peacekeeping force crossing the farm on arrival at Phnom Penh airport.

Japan's Troops Face Asians' Fears

By William Branigin Washington Post Service PHNOM PENH — The first Japanese military unit to be deployed abroad since World War II began arriving here Friday to join a United Nations peacekeeping mission, and its leadership vowed to allay Asians' fears of past Japanese atrocities.

members of an advance team and assorted equipment aboard three Japanese C-130 transport planes. The rest of the unit, assigned to rebuild two major highways during a six-month tour, is scheduled to arrive over the next few weeks.

Asked about lingering fears among many Asians of Japanese militarism, a political officer attached to the engineering battalion, who would identify himself only as Major Ikegawa, said: "Please watch, please experience our actions. If someone says he is afraid of the Japanese force, that is not so good, but that is his feeling."

Paying the Bosses: One Man's List of the Fair and Less Fair

By Kathleen Day Washington Post Service WASHINGTON — Roberto C. Gozzetta earned an estimated \$63.5 million last year as chief executive of Coca-Cola Co. Raymond J. Noorda earned a round zero for doing the same job at Novell Inc.

Mr. Crystal, formerly a pay consultant to many Fortune 500 companies, now preaches that executive pay has little to do with performance. His newest list ranks the chief executive officer of Coca-Cola as one of eight black hats.

Mr. Crystal said in the report accompanying his list. "A great performer, but you can buy even better performers for no more than \$5 million to \$10 million per year."

Mr. Crystal's methods of weighing stock options and other executive benefits to calculate total compensation have been sharply criticized. He admitted his list was subjective.

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Table with financial data including Dow Jones (Down 37.55), Trib Index (Down 0.81%), and exchange rates for The Dollar (New York, Frankfurt, London, etc.).



BREAD AND VOTES — A Romanian waiting with his dog in a Bucharest bread line, reading up on Sunday's national election in front of political posters.

Perot Dangles New Bid for Presidency at Candidates

By David S. Broder Washington Post Service WASHINGTON — Ross Perot has scheduled a Monday show-and-tell session in Dallas, at which high-level representatives of President George Bush and Governor Bill Clinton will make their pitches for support to Perot organizers.

The Los Angeles Times reported Friday that Mr. Perot would formally announce his candidacy on Monday. But spokesmen for the Bush and Clinton campaigns said they had no such assurance, and Perot associates expressed doubts that he would do more than make a pro forma statement, designed to clear a legal hurdle for buying television air time to push his budget and economic proposals.

"I don't think you'll see Ross launch a campaign in the conventional sense of the word," a longtime Perot associate said Friday. "I think he simply wants to impact on the agenda. He will do free TV and buy time."

Even after saying in July that he had decided not to run because he did not want to keep Mr. Bush or Mr. Clinton from achieving an Electoral College majority, Mr. Perot continued to spend millions of dollars on petition drives to get his name on all 50 state ballots.

Mr. Bush said in Chicago that he would also send two Senate budget experts, Phil Gramm of Texas and Pete V. Domenici of New Mexico, to explain his deficit-reduction plan, which he said was superior to Mr. Clinton's. His national security adviser, Brent Scowcroft, also will attend, presumably to answer any foreign policy questions.

Turtles Snap to Work At Cleaning the Ganges

By John Ward Anderson Washington Post Service VARANASI, India — Every day, thousands of Emdus flock to the shores of the great Ganges River here, where they drink and bathe in the holy water as perly cremated corpses float past and nearby drains pour millions of gallons of raw sewage into the river.

The biggest challenge, environmentalists say, comes not from the rapid urbanization along the river, but from the belief among many Indians that the Ganges — called Ganga by Indians and considered the physical manifestation of the Almighty — is so spiritually pure that it cannot be polluted, regardless of what is dumped into it.

Europe's Clocks to Fall Back

International Herald Tribune Sunday morning will find most of the European Community in step over time, if nothing else, for the following month. Clocks in much of Western Europe will be set back from 3 A.M. to 2 A.M., reverting to standard time, which is one hour ahead of Greenwich Mean Time.

Herald INTERNATIONAL Tribune

Come Out and Debate

George Bush continues to duck the presidential debates, and voters have a right to be angry. This past week in Greenville, Mississippi, demonstrators dressed in chicken suits...

Suharto Stonewalls

Indonesia for the first time seems genuinely flustered by the world's protests over its invasion and long-term oppression of East Timor, a former Portuguese colony.

The Bank and the Dam

As a vehicle for helping the impoverished and for stimulating economic growth, India's multibillion-dollar Narmada Dam project is one whose aims are hard to fault.

Perot Should Stay Out

Ross Perot won deservedly high marks in the spring for energizing millions of disenfranchised voters, for talking sensibly about the federal deficit and for throwing a healthy scare into the political parties.

No, the World Doesn't Need a United Nations Army

By John Gerard Ruggie

NEW YORK — Should the United Nations have offensive military capabilities at its disposal, as envisioned in the UN Charter? Secretary-General Butros Butros Ghali thinks it should, as do U.S. Senators Joseph Biden and David Boren.

NEW YORK — The United Nations' administrative apparatus for fielding the missions, monitoring their activities and responding to sudden and adverse shifts on the ground is shockingly small in size and short on military expertise.

undermines the real basis of legitimacy that United Nations practice has accumulated. The impracticality of what might be called a "compellence" role for the United Nations is easily demonstrated.

these shortcomings? I believe there is. The logical extension of past practice would be to create substantial, well-equipped and mobile UN nonoffensive defensive forces, deployed in a preventive mode.

Helping in Bosnia: Aid Workers Get On With a Dangerous Job

By William Pfaff

SARAJEVO — The bravest people in Sarajevo are those who do not have to be here, and that means those who conduct the relief and aid work here and the United Nations soldiers.

and if the militias had heavier artillery than the mortars and tank guns they currently have it would become a great deal less safe than it is now.

throughout the war zones lack heat — and windows — as well as warm clothing and food. Medical services remain good, thanks to the heroic work of doctors and nurses, who nonetheless depend on Western-supplied medicines and equipment.

He has been traveling the ruins of Yugoslavia to get all sides to agree to this. He spoke last weekend to the presidents of Croatia, Bosnia-Herzegovina and Montenegro.

Serbs Are the Problem, Minority Rights the Solution

By Stephen S. Rosenfeld

WASHINGTON — People in Europe and America are puzzled by Yugoslavia and hope that the diplomatic initiative now being pursued by the European Community and the United Nations will ease the fever.

This reading, Serbia was not guilty of aggression in Bosnia pretty much in the way that Iraq was guilty in Kuwait, as some charge.

the right to protection as minorities in states run by others. Earlier, Croatia's minority Serbs did not get the requisite protections and guarantees, and this contributed crucially to the war there.

An indefatigable and persuasive negotiator, Mr. Grant ended his journey with the agreement of all. Getting the fighting actually stopped in November will of course be extremely difficult since the convulsion in Bosnia now is the work of local militias that are undisciplined and often simply out of touch.

What looks like a bit of a lull before a renewed political storm, then, is a good time for politicians and journalists to check course.

But this argument is really nothing more than a dressed-up version of the slogan of "ethnic cleansing" — of the Serbs' claim to be empowered forcefully to oust non-Serbs from a strictly Serb-ruled state and to gather all Serbs within it.

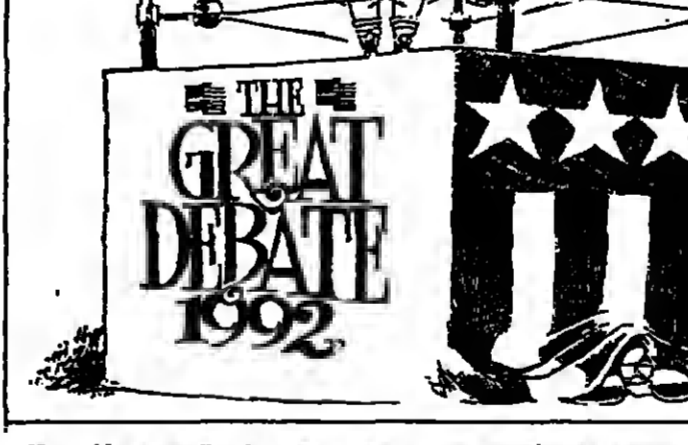
It is the difficult issue of minority rights — Serbian rights and Croatian rights, too — within a restored sovereign Muslim-led Bosnia that must be addressed by the diplomats who are in Geneva now looking to reduce the fire.

Mr. Grant has, however, succeeded with the same kind of grace in other civil wars. In both Lebanon and Sri Lanka, Unicef has managed to get opponents to respect periodic cessfires for children to be inoculated and helped, and convinced the factions to cooperate in keeping hospitals and schools open in war zones.

This Time Don't Fall For Perot

By A. M. Rosenthal

NEW YORK — Ross Perot, having betrayed and suckered millions of Americans, is giving them one more chance to be betrayed and suckered again.



He could not handle what every politician, every adult must handle — the knowledge that he could not control the world. Sometimes it insists on testing you, questioning, challenging, defying, demanding accounting.

These people had a yearning, shared by so many other Americans, to take our politicians by the shoulder and shake them until they listened. They did not want to tear America apart.

And he knows that his advisers and employees were preparing proposals that would do what he had said he wanted — ask sacrifice from almost all of American society. His bluff was being called. So he concocted a few phony excuses, cut and ran out.

So listening to Ross Perot now stirs the same stomach quease as listening to a lecture on moral principles from a defrocked clergyman. It is not only himself he degrades, but the congregation — and the very words he utters.

Mr. Grant is also attempting to halt the attacks on schools and hospitals, notably in Sarajevo. Talking with Mrs. Plavic in the heights overlooking Sarajevo, he obtained her agreement, with considerable difficulty, to spare these targets, on the condition that the United Nations would guarantee that they were not used for military purposes by "the Muslims," which is how the people of Sarajevo are described by the Serbs.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman LEE W. HUEBNER, Publisher JOHN VINCIGUERRA, Executive Editor...

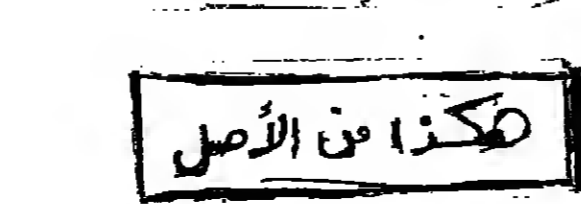
ROSS PEROT remains the choice of one out of six voters, who say they will vote for him for president regardless of whether he is officially in the race. The latest Washington Post-ABC News Poll found that 16 percent of those most likely to vote in November said they plan to vote for Mr. Perot.

Both are true only to Mr. Perot's desire to get something for nothing. His economic platform is neither his nor a platform. He never adopted, debated or ran on it when he was a real candidate.

1892: A Sultan's Fears CONSTANTINOPLE — The recent wholesale arrest and expulsion of Turkish students was preceded by the closing of the College of Languages at Istanbul. The Sultan, fearing that the Musulman clergy, by acquiring a thorough knowledge of foreign languages, might imbibe themselves with the principles of European civilization, directed the Minister of Public Instruction to submit to him a report showing the uselessness of the college and ordered the closing of the school.

1917: Canoodle Away PARIS — Boys, you can now canoodle with your best girl over the telephone in your home tongue without being looked at sideways by the law. You can tell her you'll be true — when you're not out with the other girl — and call her your "candy babe" or your "angel-faced peach" without Gallicizing it, and no one will suspect you of being an arch-spy or a hired assassin.

Richard Morin, writing in The Washington Post.



Defiant Guzmán Says His Capture Is Merely 'A Bend in the Road'

By Corinne Schmidt
Washington Post Service
LIMA, Peru — Abimael Guzmán Reynoso, the captured leader of the Shining Path guerrilla group, appeared before reporters for the first time since his arrest nearly two weeks ago, denouncing imperialism and urging his followers to continue their campaign, saying the "people's war will triumph."

Speaking from an iron cage at a police building in central Lima, Mr. Guzmán, 37, said his capture by Peruvian authorities should not deter members of his Maoist movement, which has led to an estimated 23,000 deaths in 12 years. Although some think his arrest is "a great defeat," the guerrilla leader said, "it is just a bend, simply a bend in the road."



Abimael Guzmán Reynoso, imprisoned Shining Path guerrilla leader, meeting the press in Lima.

U.S. Angers China Over Copter Sale To Taiwan

By David E. Sanger
New York Times Service
TOKYO — Japan's most powerful politician, Shin Kanemaru, admitted to prosecutors Friday that he accepted \$4 million from the former head of a company linked to organized crime figures, amid growing demands from opposition parties that he resign from parliament.

Mr. Kanemaru reportedly prosecutors that he wanted to answer their questions, but that apartment was besieged by reporters. He said he would "refuse to be ousted" on his actions, and pleaded that he would work to make politics cleaner and reform Japan's scandal-ridden political system.

De Klerk and Mandela to Meet on Reviving Talks

By Paul Taylor
Washington Post Service
JOHANNESBURG — President Frederik W. de Klerk and Nelson Mandela, president of the African National Congress, will hold a one-day meeting Saturday that is expected to lead to an early resumption of negotiations to create a multiparty government.

Interests of whites in a new black majority political order. The intervening three months have been the most agonizing period since Mr. de Klerk released Mr. Mandela from prison in 1990. It has witnessed the largest general strike in South African history, two massacres, hundreds of regional work stoppages and demonstrations, an escalation in the daily political violence and a sharp drop-off of investor confidence in an economy already mired in a three-year recession.

Sources in both camps said that if all goes well Saturday, full-scale talks to create a new government would resume in weeks, and would include some or all of the 19 parties that participated in the negotiating forum that was suspended in June. The most serious obstacle to the meeting was overcome Friday with the announcement that 150 ANC political prisoners would be released this weekend.

Mr. de Klerk sought today to tamp down the anticipated outcry among his white constituents over the releases by appealing to the spirit of reconciliation. "We are at a crossroad, and we need to turn our back on the past, clean the slate and remove restrictions from our political vocabulary," he told a regional meeting of the National Party in Durban. "We need to create an atmosphere conducive to negotiations. We need to forgive and start afresh."

In Johannesburg, Cyril Ramaphosa, ANC secretary-general, said that the release of the prisoners was an longer linked to one of the key negotiating demands of the de Klerk government — a blanket amnesty for government security officials who may have committed crimes in the counter-insurgency struggle to preserve apartheid.

GANGES: Turtles Are a Snappy Secret Weapon at Cleaning Up the River

(Continued from page 1)
away," said C.L. Pandey, 45, a priest at Kashi Vishwanath Temple, one of the most famous in Varanasi.

made especially difficult, according to environmentalists, because faith in the river's purity has generated complacency and ambivalence among many of the 300 million people who live in the river's basin. More than 410 million gallons of untreated municipal sewage, industrial waste, agricultural runoff and other pollutants are discharged into the river every day.

Bhadra Mishra, 53, a leading advocate of the river cleanup, professor of hydraulic engineering at Banaras Hindu University in Varanasi, and the chief priest at one of the city's Hindu temples. "I take a dip in the river every day, and they've never bitten my foot."

However, insiders in both camps said that the ANC has given tacit assurance that it would not oppose such an amnesty in the future — as long as it is granted by an interim government, not the present one. The government is also thought to have won some concessions from the ANC about not engaging in mass action demonstrations in a way calculated to provoke violence.

EUROPE: 5 Inner-Core Nations May Move More Quickly Toward Union

(Continued from page 1)
Maastricht, including the creation of a single currency by 1999 at the latest, Reuters reported.

Aides to Mr. Mitterrand say his overriding vision is to achieve such a deep degree of integration, especially between France and Germany, that future conflict would be inconceivable. "That view is also shared by many German politicians, who are becoming worried by the rise of xenophobia and ultranationalist sentiment two years after unification."

stronger economics within the European monetary system will now move toward much closer harmony. German officials said it was plausible that France, Germany and the Benelux countries might decide in the near future to restrict fluctuations between their currencies to 1 percent, instead of the existing 2.25 percent, in a major step along the road to a single European currency.

any steps in this direction because it would further marginalize its influence in the Community. [Mr. Mitterrand and Mr. Major will meet in Paris soon to go over plans for an EC summit meeting in Birmingham, England, on Oct. 16, Agence France-Presse reported from Paris.]

KOHL: German Rejects Blame for Currency Turmoil

(Continued from page 1)
side the point," Mr. Kohl said. The events of the past weeks were not the result of German stability policy. To the contrary, stability policy is the essential basis for confidence in the currency markets, and for orderly currency relationships.

heavy deficit spending to pay for German reunification. Mr. Kohl claimed that the European cause had been strengthened by the outcome of the French referendum, and singled out aspects of the vote that reassured the Germans about themselves. Voters in Alsace and Lorraine, French regions that were disputed between France and Germany for centuries and now have close economic and cultural ties with the Germans, had given a clear majority to endorsing the pact, he said.

ropean unification now also had to be pushed ahead. "Waiting would be the wrong answer, and standing still would be a step backwards," Mr. Kohl said.

Greek Publisher Is Jailed
ATHENS — Christos Tegopoulos, publisher of the Greek daily newspaper Eleftherotipia, was sentenced on Friday to six months in prison for publishing a statement by the leftist November 17 guerrilla group in 1991 in defiance of an anti-terrorist law that bans publication of guerrilla statements.

ART

When a Show Is Just Too Big

Soviet Avant-Garde at Guggenheim

By Michael Kimmelman
New York Times Service

NEW YORK — "The Great Utopia," the survey of Russian and Soviet avant-garde art at the Solomon R. Guggenheim Museum, intends to overwhelm the viewer, and unfortunately it does.

With more than 800 paintings, sculptures, drawings, photographs, textiles, ceramics, furniture and architectural models, occupying almost the entirety of the newly renovated building, it must surely be, as the museum boasts, the largest show in the history of the Guggenheim. At least, it feels that way.

One retreats from it like Napoleon from Moscow, bedraggled and confused. It includes compelling works, many of which have been extracted from provincial Russian museums.

Yet the impact of the many remarkable things on view is hopelessly diluted by the exhibition's size, seersawing quality, and its gimmicky and self-indulgent installation.

The opposite impression is made by a related display of Marc Chagall's 1920 murals for the Jewish Theater in Moscow at the Guggenheim's SoHo outlet. A small show of what may well be the artist's crowning achievement, a suite of delicate, witty, fanciful paintings, accompanied by text panels that put them in a clear context, it is precisely what "The Great Utopia" is not: a focused, manageable, lucid presentation.

The period under review in "The Great Utopia" encompasses the years 1915, when Suprematism was introduced to the Russian public in the exhibition called "0.10," through 1932, when Stalin prepared to bring artistic experimentation in his country to a violent end.

The principal figures of those years, including Kazimir Malevich, Vladimir Tatlin, El Lissitzky, Liubov Popova, Varvara Stepanova and Alexander Rodchenko, have long been known in the West; and especially during the last several years, with the collapse of the Soviet Union and the opening up of its archives, the works of these artists have been frequently and widely exhibited.

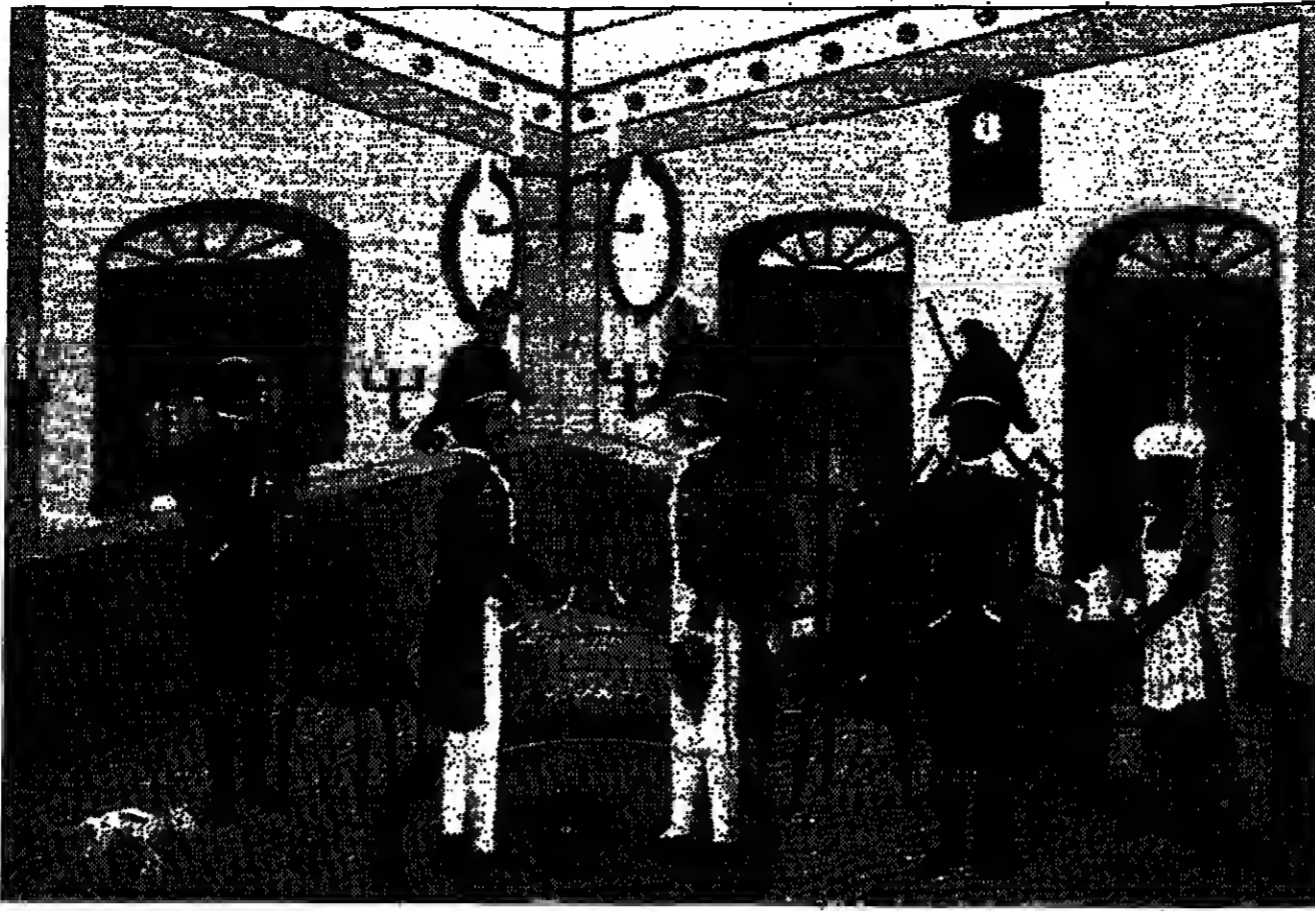
But these works form only part of a far larger, and more complex, story: the avant-garde included numerous adherents who divided themselves among competing factions, which today can be hard to distinguish visually and which the exhibition, although it includes dozens of lesser-known artists, does an inadequate job of defining.

The show does make all too apparent, with so many similar works in gallery after gallery, that the avant-garde could be as doctrinaire and authoritarian as the old guard against which it was reacting. Change, yes, but only within the boundaries established by the new artistic leadership. Chagall was driven from his post as commissar of art in the city of Vitebsk by the Suprematists. And not long after Vasily Kandinsky organized an institute in Moscow for the study of art, he was also run out of town, by the Constructivists who considered his paintings too subjective, too spiritualistic.

A very beautiful group of Kandinsky's, with their soft, swimming, brilliantly colored shapes — like Suprematist paintings submerged in water — stand out in this context for their unmistakable and inspiring individuality.

The last part of the show, particularly the final gallery with its figurative works, is the most remarkable because it is the least familiar, even though, like the rest of the exhibition, it is in serious need of trimming. To see the crisp, dark, brutal works of Alexander Deineka, the George Grosz-like watercolors of Yuri Pimenov, and even the pathetically painted fantasies of Alexander Tyshler is to get a broader feel for the period than is typically served up.

There are other highlights in the show. One of them is the work of Lev Yudin, whose Cubist canvases and drawings are remarkably subtle and alive. Another is the work of Pavel Filonov, the best of whose crystalline compositions, derived from nature, are seemingly illuminated by an inner light. Still, these are isolated works in an exhibition that overall fails to hang together.



"Pétion Receives Simón Bolívar," by Alfred Aïtidor is among Haitian works being shown at Paris exhibition.

Haitian Painting: Painful History

By Michael Gibson
International Herald Tribune

PARIS — In an unusual and eloquent demonstration, 48 Haitian painters have undertaken to relate their country's poignant plight, its tragic and often heroic history, in 100 paintings, and even the most naive of these glows with a relevance born of experience.

Some of the artists are sophisticated, and like Barbara Prézeau-Stephenson have been to art school in the United States, but most are relatively uneducated people who speak out of the simplicity of their hearts.

When Roland Etienne, in his "Le Pays prisonnier" ("The Imprisoned Land"), graphically shows the island living under the dictator François Duvalier in fear of a few spooky and anonymous silhouettes of soldiers and the Tontons Macoutes, one senses that he is not dealing with an abstraction. Even the most candid, brightly colored narrative work may conceal some hint of bitter irony.

Indeed, the reality of the country's ordeal can sometimes reach one from unexpected quarters. Florence Alexis, who helped provide the venture with an articulate historical framework, is a Haitian herself. She painted in front of one of the more somberly impressive paintings in the exhibit, a work by Edouard Duval-Carré, and matter-of-factly commented on the iconography: "There, to the left, stands Duvalier, to the right, the skeleton with a top hat is Baron Samedi."

"And the dead man on the floor," she added, "is my father." As the catalogue explains, the poet Jacques Stephen Alexis, the son of a prominent Haitian journalist, historian and diplomat, belonged to the country's elite. In April 1961, at the age of 39, he sailed from Cuba to take part in the resistance against Duvalier. Shortly thereafter, like so many others, he was arrested and disappeared without a trace.

The impetus for this unusual exhibition came from Jean-Marie Drot, a TV director, whose enthusiasm for Haiti goes back to the 1960s when he

accompanied André Malraux to that country. Drot is currently the director of the Villa Medici in Rome.

About 75 percent of the works were commissioned for the occasion and together, radiating a tremendous charm, they assume the same narrative form as the windows and sculptures of medieval cathedrals. The latter were intended to instruct a general public that could not read. As much could be said of this exhibition.

After a delightful preamble in the form of Cèlestin Faustin's "Earthly Paradise," which evokes both the African past and the island's mythic pre-Columbian age, the narrative proper begins with the coming of Columbus in December 1492 and the subsequent brutal elimination of the Indian population.

It continues with the rise of the slave trade, several unsuccessful slave rebellions and the tragic figure of Toussaint-Louverture, the leader of the Haitian independence movement during the French Revolution.

The exhibition naturally deals with the unenlightened American presence from 1917 to 1934, the grim reign of François Duvalier and his son, Jean-Claude, and ends with the election of the Reverend Jean-Bertrand Aristide and last year's military coup that removed him.

A conclusion of sorts is afforded by Médecine Brumis' "Crucified Land," a simple allegory that is a lament over the past; Avril Forest's "Sick Country," which shows the island laid out on an operating table while a despairing population kneels at its side; and Cameau Rameau's vision of the woodoo gods gravely examining the country's fate.

Haitians have sought to find some form of identity in the woodoo cult that originated in Africa. As Drot points out, woodoo has played the same social role in Haiti as the Catholic Church did in Poland. A deep nostalgia for a remote African homeland remains latent in the land. Rose-Marie Desruisseaux, one of the subtler artists presented in the show, who died last year, gave evidence of this haunting nostalgia for Africa when she told a friend about a recurrent dream of hers: "Africa appeared to me in my dreams," she said. "She was a tremendous giant of a woman, whose head was hidden in the clouds."

The head in the clouds stresses the size of the figure, of course, but it also implies that the giant mother figure cannot be aware of those that look up to her from below.

On view at the Centre Georges Pompidou, Paris, from Oct. 12 to Oct. 27, the exhibition goes on to a number of French cities, then in the summer of 1993 to Montreal. In 1994-95, it will be touring the United States.

Hansel Mieth: A Love Story In Photography

By John G. Morris

COLOGNE — Hansel Mieth, the photographer whose love of freedom — and her childhood sweetheart Otto Hagel — took her to America 62 years ago, is being honored in her native Germany at last, with an exhibition at the Amerika Haus here. Their romance turned into one of the most creative but little-known partnerships in the history of photography.

Born four weeks apart in 1909 in Fellbach, a suburb of Stuttgart, Otto was the son of a roofer and became a clockmaker's apprentice. Johanna Mieth, whose father was a shopkeeper, went to work for a dressmaker. Otto dreamed of being a musician; Hansel wanted to be a doctor. There was no money for such studies, so they forged passports and rode off together on a motorbike, to France, Spain and Italy. When their money

ran out, they came home, but soon left again for Vienna, where they slept under bridges, earning a few shillings as street musicians. For three months they took refuge in a Yugoslav monastery. Johanna had changed her name to Hansel, to pass as a boy.

In 1928, Otto decided to try his luck in the United States and signed onto a freighter. In Baltimore, he jumped ship with 25 cents in his pocket. It was 1929, the year of the stock market crash. He worked at odd jobs. He rode the rails, living in furnished rooms and hobo jungles. By that December, Hansel had saved enough money for a steamship ticket to San Francisco via the Panama Canal. When she landed in New York, Otto demanded, by phone from San Francisco, that she cash in the rest of the ticket and hurry to him overland. In Philadelphia she bought a \$35 jalopy and started out, without even a driver's license.

When they finally met in front of Otto's San Francisco rooming house, Otto said to Hansel, "I told the landlady you're my wife." Confused by this newfound English, she thought he was telling her that the landlady had hit him so hard that she had knocked out a tooth.

To make a living while they were getting started in photography, they joined the migrant in the Sacramento and San Joaquin valleys, picking strawberries, peaches, cotton, living in a tent and earning \$1.50 or \$2 a day.

In 1937, Hansel was invited to join the Life staff, the first woman hired after Margaret Bourke-White. Otto declined, suspicious of such a "capitalist" enterprise, but free-lanced for both Life and Fortune.

Her most famous photograph, first published in January 1939, is of a misogynist monkey glowering in the sea, having fed the female monkeys who were under observation at an institute of tropical medicine in Puerto Rico.

Having jumped ship in 1929, Otto was still an illegal alien in 1940. A marriage to Hansel, who had finally become an American citizen, would put him on the path to legalization, but he would have to leave the country for six months and then re-enter. The editors of Life agreed to a six-month assignment in Cuba, and the couple applied for a marriage license.

While Otto was in Cuba, Hansel got a message from Washington: President Franklin D. Roosevelt wanted Otto to take his 1940 campaign portrait. Roosevelt knew Otto from his work in the White House on magazine assignments, and Hansel had taken a famous picture of four generations of Roosevelts, when they celebrated the 86th birthday of Franklin's mother. The president's wish was the Immigration Service's command, and Otto soon had his permanent visa.

In 1941, the Hagels bought 380 acres (220 hectares) of rugged land in California. Otto designed and built a big ranch house. They raised cattle, not very profitably, and chickens, disastrously; and continued their photography. The ranch became a kind of retreat for artists, writers and photographers, among them Robert Capa, who came there for a secret tryst with Ingrid Bergman.

In 1948, Hansel returned to Fellbach for a brief visit, and in 1950 the Hagels returned together. Hansel's mother had died of a heart attack in the aftermath of an Allied bombing.

Otto had to face the evidence that his father became a Nazi storm trooper, and used Russian slave labor to his roofing business. Otto's brother Helmut died in an American prison camp. Otto's sister, Sophie, is alive and hearty, but her husband, Edward, never returned from Russia.

The exhibition of 60 photographs, organized by Thomas Knubben, cultural affairs director of the town of Fellbach, runs through Oct. 9. Otto Hagel died in Santa Rosa in 1973. Hansel Mieth still runs the ranch, at 83.

John G. Morris is a former picture editor of The New York Times and former Paris correspondent for National Geographic.



"The Monkey," 1936.

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At 8:30 p.m. CONTEMPORARY ART. D.WATINE-ARNAULT, 41, avenue Montaigne, 75008 Paris. Tel: (1) 47 23 93 87. Fax: (1) 47 23 93 89.
Friday, 2 October
At 2:30 p.m. ART NOUVEAU - ART DECO. At 8:30 p.m. FURNITURE AND OBJETS D'ART. D.WATINE-ARNAULT, 41, avenue Montaigne, 75008 Paris. Tel: (1) 47 23 93 87. Fax: (1) 47 23 93 89.
Saturday, 3 October
At 2:30 p.m. MASTER FURNITURE. D.WATINE-ARNAULT, 41, avenue Montaigne, 75008 Paris. Tel: (1) 47 23 93 87. Fax: (1) 47 23 93 89.
Sunday, 4 October
At 2:30 p.m. IMPORTANT JEWELRY. D.WATINE-ARNAULT, 41, avenue Montaigne, 75008 Paris. Tel: (1) 47 23 93 87. Fax: (1) 47 23 93 89.
Wednesday, 7 October
Rooms 7 et 8 p.m. OLD and MODERN DRAWINGS, MODERN PAINTINGS, FURNITURE, 18th and 19th century OBJETS D'ART, WROUGHT IRON GARDEN FURNITURE, RIBBYRE-BARON, 3, rue de Provence, 75009 Paris. Tel: (1) 48 46 00 77. Fax: (1) 48 25 20 89.
Rooms 2 - 2:30 p.m. 15 PIECES OF JEWELRY SIGNED BY ARTISTS: PICASSO, ARAF, COCTEAU, DERAIN, D'ANNUNZIO, P.HUGO. Sale due to collateral agreement of SIE HUGO DIFFUSION MILLON-ROBERT, 19, rue de la Grange-Batelière, 75008 Paris. Tel: (1) 48 09 94 44. Fax: (1) 48 09 98 38. In presence of SCP HOUZES & HUGUES DE VALAUBIE, 1009 ALEXANDRE-BEVILLE, Tel: (1) 46 42 99 29 12.
Thursday, 8 October
Rooms 9 et 10 p.m. PÉREY COLLECTION. IMPORTANT MODERN PRINTS. Jean-Louis PICARD, 5 rue Drouot, 75009 Paris. Tel: (1) 47 76 77 22. Fax: (1) 47 76 77 44.

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طيران من الامم

Paris Biennale: Unexpected Treasures

PARIS — The art world, complex and unpredictable, has lived up to its reputation once again. The Biennale des Antiquaires, at the Grand Palais until Oct. 4, was expected to be drab and downmarket in the present difficult circumstances. Instead, it is one of the most sophisticated ever.

True the decor is subdued. In a welcome departure from the grand manner halfway between phony Louis XIV splendor and findable eccentricity, the Italian interior architect Pizzi whom the French committee hired in a new European-oriented spirit designed a Palladian setting, discreet and pleasing. In the understated decor, a string of rarities that make the current biennale an unusual if short-lived museum, leap to the eye. No one should miss it.

Even Louis XV and Louis XVI furniture can be looked at with a new eye. Michel Meyer, one

SOUREN MELIKIAN

of the leaders in the leading Paris group Antiquaires à Paris, settled for a black and gold effect. Black are the panels of Japanese lacquer encoined in the ormolu (gilt bronze) mounts of a beautiful writing table of the 1740s which is attributed to Joseph Bannhauser. And black is the ebony veneer of a pair of consoles by Philippe-Charles Montigny and another bigger console by Pierre Garnier, all made en suite around 1770.

But golden are the ormolu legs of an admirable little table with an oval marble top. They are all in that neoclassical style that emerged in France in the late 1760s during the reign of Louis XV (1725-1776) even though it is commonly assumed to be quintessentially "le style Louis XVI."

Next door, Jean-Marie Rossi climbs one step higher with a pair of side-tables by Jacques Dubois, whose architecture and ormolu plaques with figures scenes place the two pieces among the very greatest creations of the cabinetmakers working for the French court in the later 18th century. These, too, date from the 1770s. The prize for the black and gold surprise goes to Yves Mikoloff for a magnificent commode in ebony veneer with the most powerful ormolu fittings, including a trophy, yet seen on "Louis XVI" furniture.

The commode first appeared at a Sotheby's auction in New York on Dec. 7. The expert barely looked at it, judging from the entry which assured it was covered with "horn." It has now been identified as a variant in ebony of a marquetry commode, which was commissioned by the Comte d'Artois and delivered to him at Versailles on Nov. 30, 1773. The piece sold on opening day to a Paris collector for a price said to be well in excess of 12 million francs (\$2.4 million). Add the spectacular pieces on the stand of Bernard Stieitz and the traditional display of 17th- and 18th-century furniture ceases to be traditional to become truly gripping.

But the spice of the art fair lies in the objects d'art. Spread throughout the biennale, a sprinkling of masterpieces in the most diverse categories adds to their intrinsic beauty a rarity that



An ebony commode with ormolu fittings circa 1773. At right, the portrait of Louise-Laure Baudot by Corot.



would make the world's great collections, public or private, fight over them. On the stand of Guy Ladrère, one can see three silver bowls from late 14th-century France with Breton inscriptions on the back in Gothic lettering and city marks that prove they were in Brittany by the 15th century at the latest. All three have now been acquired by the Musée Dobré in Nantes for 2.4 million francs.

Antony Embden, whose gallery on the Quai Voltaire is a few yards away from Ladrère's, has some German Renaissance objects that would look well in Munich in the princely Residenz or in Dresden in the Grünes Gewölbe — a silver casket with the mark of Jermalas Nathan and translucent enamel Mannerist scenes attributed to David Alenstetter is one of the finest German objects seen anywhere this year.

Alexis and Nicolas Kugel have put together an overwhelming array of silver and silver gilt from the Renaissance to the Baroque, some of it the result of two decades of efforts. But the ultimate rarity is a rhinoceros horn stem cup of the late 16th century. Its Mannerist pattern with masks and scrollwork in the vigorous Germanic interpretation, outlined in gold, appears to the eye as the translucent double shell cap is raised against a source of light.

The display of masterpieces culminates with the art of archaic China and pre-Columbian

America — debris from the havoc that devastates to this day their buried heritage. Few objects equal for sheer beauty the 5th century B.C. "Hu" type bronze vase with stylized feline handles shown by Gisèle Croës of Brussels. With pieces such as this, another squat vase of the same period, and a group of fascinating objects — animals locked in combat, bull-head attachments — from the Dian culture in Yunnan that is only beginning to be assessed, she can claim parity with the world's big two of Chinese art, Giuseppe Ekmazi of London and James Lally of New York.

So could one day Christian Deydier of London and Paris who shows a bronze which is out of this world, a 5th century B.C. bronze vessel shaped as a mythical beast said to be matched by only one other identical piece in Beijing, a vase of the late 6th or early 5th century B.C., as astonishing for its unusually powerful squat proportions as it is for the linear motif of interlocking stylized animals.

Santi Micali, the owner of the Paris Galerie Marmoz, just about achieves that level in his own field, pre-Columbian art. An Olmec standing figure of a man with his eyes closed and his mouth open as if experiencing an inner upheaval is comparable, Micali said, to one other figure in a Washington museum. A jadeite plumed serpent reportedly found in the same site has no match. Both would focus attention in any museum-type international art show.

Even dealers selling Western painting manage here and there the more difficult feat of attaining those rarefied summits in their field. The portrait of Louise-Laure Baudot by Corot to be seen on the Galerie Bérès stand represents a little girl aged 9 or 10 whose mixture of childish freshness and withdrawn sadness almost gives it a Vermeer intensity. (It fully conveys the love the artist had for his grand-niece whose mother had died when giving birth to her.) Add the portrait of Pierre Bernard done in 1891 by Edouard Vuillard, under the obvious influence of Sharaku's layout, in colors laid flat on the canvas with an expressive vigor anticipating Expressionism, or a Paul Ranson portrait of that period from which six or seven others may survive worldwide, and it seems obvious that dealers this year dug deep into their treasure house as if to show what great art the market holds in store.

Buyers responded sluggishly. Croës sold her two bronze vases, to a Swiss resident, one at 4 million francs and the other at 2.8 million francs. Her Dian collection went to an Arab private foundation set up by a businessman who intends to open it to the public within the next few months. Huguette and Anisabelle Bérès sold their Paul Ranson portrait to a museum for "under 500,000 francs," they said. But dealers look mirthless. When the fair closes, a few businesses are expected to close out as well. The party is over.

Ill Winds in the Market

PARIS — The deepening crisis is beginning to bite. Dealers are reaching the point where those who owe large amounts to their bank are (sometimes) requested to sell.

The Paris auctioneer Francis Briest announced this week that 53 pictures, gouaches and sculptures "from the Alain Lescaze Collection" will be auctioned Nov. 24 at Drouot-Montaigne. The sale was ordered by the creditor, a Paris bank which holds the art as collateral. The aggregate estimate given by Briest is 40 million to 50 million francs (\$8 million to \$9 million).

Trade sources expressed skepticism. The works — which start with a Géricault study for the "Raft of the Medusa," executed in 1818, go on to Impressionism (Degas, Pissarro, Sisley) Cubism, Fauvism and the great figures of later 20th-century art — were mostly bought at the height of the market. An extreme example is Jean Dubuffet's "La Calipette," dated 1961, which was acquired at Sotheby's London on April 5, 1990 for \$2.53 million (then about \$4.3 million), a world record for the artist. It is now estimated to be worth 8 million to 10 million francs. Trade sources say the vendor will be lucky if

the Dubuffet makes it to the low estimate — "5 million francs would be a good price right now."

According to one highly respected gallery, it was approached early in July with an offer to buy the collection. The gallery was interested in some of the works, not in others. This could not be verified. But the mere fact that some believe it to be true can hardly boost the bidding. Weighing against that is the personality of Alain Lescaze, a dealer whose high profile and bombast ensured him the admiration of some and the enmity of quite a few others. The voluntary sale of his Art Deco and Art Nouveau conducted by Jacques Tajan in 1990 went well. The outcome of the forced sale of his pictures looks more uncertain.

This pattern is likely to repeat itself in the forthcoming months, if not weeks. As more merchandise, including very high quality pieces, tumbles down on a market short of liquid cash, the cumulative effect could prove highly damaging. Deflation, which has resulted in a drastic shrinking of transactions and a controlled drop in prices down by half in many areas, could become brutal.

Sourén Melikian

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Herald Tribune



Bill Clinton, Democratic Candidate for President.

Bush and Clinton Address Americans Overseas

As part of FLAAG's continuing efforts to bring the special needs and interests of Americans around the globe to the attention of Congress, the Administration and our fellow citizens within the U.S., we asked President Bush and Governor Clinton for their views on these concerns. FLAAG promised each candidate his statement would be published without comment or editing as a part of FLAAG/MCI's special monthly series to inform American citizens overseas.



George Bush, Republican Candidate for President.

DEAR Friends and Fellow Americans: As Americans living abroad, you have seen first hand the great changes over the last few years. Thanks to the unstinting courage of true believers in democracy in America and abroad, we were able to win the Cold War.

From my own time overseas, I know that Americans abroad make a special contribution to our country — in business and in commerce, in the armed forces and in civilian agencies, in teaching and in guarding human rights. Spouses of foreign nationals and retirees share America's values and traditions with other peoples. The constant contact of Americans abroad with foreign citizens gives you special insight into the diverse strengths of democratic governments. You know America's greatness, but you also know how far we still must travel. That is why throughout this campaign, I have called on you for your ideas, and drawn on your special experience.

We now enter a new era — and need a new vision. If we are to pursue a strong foreign policy, we will need to be strong at home. Our country's lack of leadership for the last four years has brought our people down. We've seen three times more personal bankruptcies than new jobs. Health care costs have skyrocketed. Our schools have declined. Our streets and neighborhoods have become more dangerous. And our government has coddled dictators instead of defending their democratic opposition.

It is time for a change. I will put the power of the presidency to work for the American people — and for freedom and democracy around the world. Al Gore and I have a detailed new plan to fight for what Americans deserve: good jobs, affordable health care, world-class schools and a smaller Washington bureaucracy. And we will pursue a foreign policy that supports American values — opportunity, liberty, and democracy.

America's hapless leadership has especially hurt Americans living overseas. I know that in many respects your position has deteriorated. I'd like to take this opportunity from FLAAG to speak to your concerns.

There are many things we can do immediately to help Americans abroad. We'll make it easier for you to pass citizenship on to your children. We'll simplify absentee voting rules, and consider introducing electronic methods for voting. And we'll make sure Americans abroad aren't double-taxed or taxed unfairly; we propose no changes in the foreign earned income exclusion.

We will also address the many other questions faced by Americans abroad — and by all Americans: health care, social security, taxation, and education. There is no magic wand we can wave, but I am convinced that your position as citizens overseas requires a comprehensive examination. It's time to make clear to all Americans your contributions to our country, and it's time to address your concerns.

Officials of my administration will be specially designated to study your needs and to make recommendations to me. They will seek out your testimony and hear out your comments. We owe this much to you in recognition of the valuable services you provide our country.

We will make special efforts to assist the members of our armed services who have defended our allies and our country around the world. I know that you face an uncertain future in the post-Cold War world, but your commitment to America will not be forgotten.

Al Gore and I have a plan to ensure that your skills and your commitment can continue to contribute to our great nation. We'll encourage alternative certification programs to help you enter research, teaching, health, and law enforcement here at home. We'll expand job retraining. We'll conduct a national defense jobs inventory to match your skills with America's needs. And we'll invest in our economy to create the high-wage, high-skill jobs that Americans need. The people who won the Cold War won't be left out in the cold.

I encourage all of you to join us, to vote, and to help change America. With your help, we can create a nation that works at home and abroad for the values all of us share.

Sincerely,
BILL CLINTON



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DEAR Friends and Fellow Americans: Throughout the history of the United States, Americans living abroad have played an important role in promoting the vision of liberty and self-government enshrined in our Declaration of Independence and Constitution. As unofficial "ambassadors" of the United States, you have helped to foster respect around the world for democratic ideals and for free market principles.

During this time of dramatic change in so many countries, a time when the global economy is rapidly expanding, America is standing on the threshold of a new era, a new century. We have won the Cold War. No longer do our children go to sleep with the threat of nuclear nightmare. Now is the time for America to win the peace by looking forward, not inward. I would like to tell you, the American community living abroad, how I plan to win the peace.

My Agenda for American Renewal wins the peace by calling for a peacetime system of taxation and sound monetary policy; a peacetime commitment to maintaining America as an economic and export superpower; a peacetime freedom from unnecessary regulation; and a peacetime freedom to make our children the best-educated in the world.

Revitalizing America's economy starts with individuals, families and communities — not bureaucrats, special interests or government. America's growing economy requires lowering taxes on individuals and businesses, enhancing global competition and trade, and cutting economic regulation. While my opponent focuses on economic redistribution and "leveling," my Agenda for American Renewal is a responsible approach to America's economy that empowers people to make their own choices, unleashes their initiative, rewards their hard work, and encourages excellence.

Specifically, my Agenda ensures that America remains an economic and export superpower in the next century. It calls for implementing free trade agreements with Poland, Hungary, and Czechoslovakia; negotiating global free trade agreements like GATT and the recently concluded North American Free Trade Agreement; and vigorously promoting American business inter-

ests abroad through tough, no-nonsense bargaining for free, fair and open markets.

My Agenda makes businesses more competitive by reducing burdensome regulation and lowering their taxes, reforming our legal system to reduce costs, and "rightsizing" government by controlling spending — requiring Congress to balance its checkbook like the rest of us do — and decentralizing and privatizing governmental civilian research and development.

My Agenda calls for continued substantial governmental funding for responsible environmental protection. America spends more on environmental protection than all other nations of the world combined, and there is no reason why we cannot protect and conserve our environment while enjoying economic growth.

My Agenda for American Renewal prepares America's youth for the 21st century economy by promoting world class standards in courses like English, math, science, history and geography; instituting voluntary national exams; and encouraging break-the-mold schools where teachers, principals, and parents in each school will have the authority — and the responsibility — to make important decisions about how their school will operate. Parents will also be given the power to send their children to the schools of their choice through government vouchers that can be used at legally operated public, private or religious schools.

Finally, my Agenda leaves no one behind. It empowers all Americans to fulfill the American dream through access to affordable health care and homeownership opportunities. My Agenda for American Renewal is a sound game plan for the 21st century with jobs and opportunity for all who want to work — and stronger, more prosperous families, secure in their communities and in the world.

Americans living abroad remain a very important national asset. Each of you represents a key link to other nations, one that can help us build stronger ties based on mutual understanding and respect. My Agenda builds upon your links and moves America forward, not inward.

Sincerely,
GEORGE BUSH

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MARKET DIARY

Dollar Ends Lower On Poor U.S. Data

NEW YORK — The dollar ended mostly lower Friday in calm trading in New York as traders concentrated on the strength of the U.S. economy after weeks of turmoil in European currency markets.

Dan Seia, an economist with Nikko Securities, said, "The dust was beginning to settle, leaving traders to focus on the domestic economy. The dollar dipped after disappointing reports from the Commerce Department.

"As we go into next week there will be more focus on the direction of interest rates."

The dollar eased in New York to 1.4835 Deutsche marks from 1.4860, to 1.2975 Swiss francs from 1.3044, and to 5.0124 French francs from 5.0455. It gained against the yen, rising to 120.92 from 120.55.

The British pound gained, rising to 51.7125 from 51.7060.

Traders said there were rumors suggesting the market about a realignment this weekend or even a breakdown by the Deutsche mark, the franc and the British pound to form their own

"hard" system as a prelude to a mini-European Monetary Union.

All the day's data were undoubtedly weak and most raise the chance of another U.S. rate cut," said Julian Callow, international economist at Chase Investment Bank in London.

He said he thought a cut was possible next Friday after the U.S. employment report.

"We're looking for a 25,000 fall in payrolls, but that could be optimistic now," he noted.

In late trading in London, the dollar was at 1.4815 DM, down from the close Thursday of 1.4865 DM; at 120.42 yen, down from 120.70, and at 5.12980 Swiss francs, down from 5.13070.

The British pound rose to 51.7135 from 51.7085.

The dollar drifted lower early as intervention from the Bank of France and, apparently, the Bundesbank and international speculators that the franc was past the worst and no longer a candidate for devaluation.

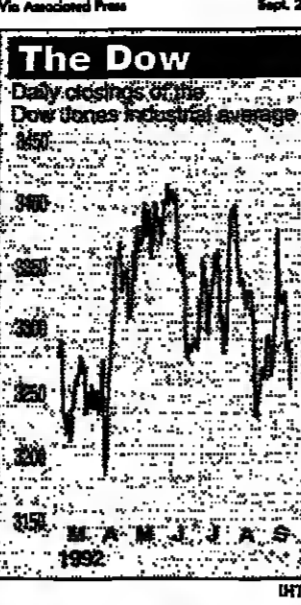


Table with columns: Vol, High, Low, Last, Chg. for NYSE Most Actives.

Table with columns: Vol, High, Low, Last, Chg. for AMEX Most Actives.

Table with columns: Vol, High, Low, Last, Chg. for NYSE Diary.

Table with columns: Vol, High, Low, Last, Chg. for Amex Diary.

Table with columns: Vol, High, Low, Last, Chg. for NASDAQ Diary.

Table: Dow Jones Averages. Columns: Index, High, Low, Last, Chg.

Table: Standard & Poor's Indexes. Columns: Index, High, Low, Last, Chg.

Table: NYSE Indexes. Columns: Index, High, Low, Last, Chg.

Table: NASDAQ Indexes. Columns: Index, High, Low, Last, Chg.

Table: AMEX Stock Index. Columns: Index, High, Low, Last, Chg.

Table: Dow Jones Bond Averages. Columns: Index, High, Low, Last, Chg.

Table: Market Sales. Columns: Index, High, Low, Last, Chg.

Table: N.Y.S.E. Odd-Lot Trading. Columns: Index, High, Low, Last, Chg.

Table: S&P 100 Index Options. Columns: Index, High, Low, Last, Chg.

Table: EUROPEAN FUTURES. Columns: Index, High, Low, Last, Chg.

Table: Food. Columns: Index, High, Low, Last, Chg.

Table: Industrials. Columns: Index, High, Low, Last, Chg.

Table: Metals. Columns: Index, High, Low, Last, Chg.

Table: Financial. Columns: Index, High, Low, Last, Chg.

Table: Stock Indexes. Columns: Index, High, Low, Last, Chg.

Table: Dividends. Columns: Index, High, Low, Last, Chg.

Table: REVERSED STOCK SPLIT. Columns: Index, High, Low, Last, Chg.

Table: STOCK SPLIT. Columns: Index, High, Low, Last, Chg.

Table: BERMAN GOVERNMENT BOND CLIFFET. Columns: Index, High, Low, Last, Chg.

Table: GARRI (IFB). Columns: Index, High, Low, Last, Chg.

Table: BREWERY GROUP (IFB). Columns: Index, High, Low, Last, Chg.

Table: FIVE YEAR (LIFPE). Columns: Index, High, Low, Last, Chg.

Table: SPOT COMMODITIES. Columns: Index, High, Low, Last, Chg.

Table: COMMODITIES. Columns: Index, High, Low, Last, Chg.

Table: DIVIDENDS. Columns: Index, High, Low, Last, Chg.

Table: REVERSED STOCK SPLIT. Columns: Index, High, Low, Last, Chg.

Table: STOCK SPLIT. Columns: Index, High, Low, Last, Chg.

SLUMP: Dismal Data Hit Stocks

(Continued from first finance page) from factories, and orders go up when sales are strong.

Commerce Department data showed durable goods orders in August decreased \$100 million to \$119.7 billion—the second decline in two months and the third in four.

Unfilled orders, or backlogs, decreased 0.8 percent to \$458.95 billion—the 12th consecutive monthly decline, Commerce said.

"The bottom line is that business and consumer confidence is too low for people to risk making expensive purchases for the long

GM: Moody's Weighs Downgrade

(Continued from first finance page) plants were to be idled Friday because of parts shortages from the body plant, the spokesman said.

The Lansing plant on strike makes bodies for the Buick Skyline, the Oldsmobile Achieve and the Pontiac Grand Am, which is GM's second-best-selling car so far this year.

A GM spokesman said talks would resume Saturday morning.

Another 3,000 GM employees at GM's two Lansing car assembly

WORLD STOCK MARKETS

Large table listing world stock markets with columns for various indices and their values.

Table listing major U.S. stocks with columns for company name, price, and change.

U.S. FUTURES

Table listing U.S. futures markets including grains, metals, and stock indices.

AmEx, O&Y Agree on Wharf Lease

NEW YORK (Bloomberg) — Olympia & York Development Ltd., the bankrupt Canadian real estate group, and American Express Co. said Friday they had agreed in principle to terminate American Express' lease in O&Y's Canary Wharf development in east London.

The agreement was reached in U.S. Bankruptcy Court in New York, where O&Y has sought protection from creditors while restructuring billions of dollars in debt.

N.Y. News Creditors Back Zuckerman

NEW YORK (NYT) — Mortimer B. Zuckerman's planned purchase of the Daily News of New York could close by late November after creditors endorsed his \$18 million proposal.

Mr. Zuckerman, who publishes the weekly magazine U.S. News & World Report, has the approval of eight of the nine unions at the Daily News and is negotiating with the Newspaper Guild, which represents news, advertising and clerical workers.

6 Accused of Fraud at Tampa Bank

TAMPA, Florida (Bloomberg) — Six executives at the privately held Key Bank, including an attorney who is the husband of the mayor of Tampa, were arrested Friday along with the nephew of a reputed mobster and charged with fraud.

Prosecutors have charged that the tiny Tampa bank helped bankroll drug smuggling and the business ventures of reputed organized crime figures. The lawyer, Michael Freedman, is married to Mayor Sandy Freedman.

A&P's Net for Quarter Down 48%

MONTVALE, New Jersey (Bloomberg) — Great Atlantic & Pacific Tea Co. said Friday that earnings for the second quarter fell 48 percent, citing the weak economy and price deflation.

For the Record

Live Entertainment Inc. said it would not make the Oct. 1 dividend payment on its A preferred stock and was weighing a merger with Carolco Pictures Inc., which already owns 49.9 percent of Live.

Stock Indexes

Table listing various stock indexes and their values.

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NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

Table with columns: Symbol, Price, Change, Volume. Lists various stocks and their market performance.

NYSE

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press

Table with columns: Symbol, Price, Change, Volume. Lists NYSE stocks and their market performance.

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Wrylines By Robert H. Wolfe

- ACROSS
1 Residence of early Irish kings
9 Restless longing
13 Player in "The Boys of Summer"
18 "Pluck" — rose ... Shak
19 French writer-director
21 Honshu city
22 Barnyard or Berlin
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28 Buck chaser
29 Heroic people
30 Piers
31 Actor Weathers
32 Navel, Bagnold
33 Suffix with Tartar
36 God of marriage
38 Kalahari or Thar
43 Shakespeare's promise to Elizabethans?
50 Algerian port
51 "—tu," Verdi aria
52 The Bee Gees
53 Starchy
54 Frogs
58 Boor

15x15 crossword puzzle grid with black squares indicating non-letter positions.

Solution to Puzzle of Sept. 19-20

- 13 Livers
14 Exile island of 1814
15 N.C. college
16 Delivered
17 Limits
18 Toracious sea
24 Chesspar
25 Actress
26 Talmadge
28 Ignores, in a way
34 A brother of Hebe
35 Common conjunction
37 Cash of baseball
39 Her motto was "Semper Paratus"
40 She scats with cats

- 65 Chills and fever
67 Book by Gore Vidal
68 Mae West role
70 "The College"
71 Kind of basin
72 Imam's test
73 Composer
74 Freud's ——— and Tabu
75 Soupçon
79 Campus org.
80 Locale of Koko Head
81 Rundle
82 An anitoxin; Comb. form

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MONEY

FIRST COLUMN

Two Weeks, And a Book Of Lessons

OVER the last fortnight European governments and their central banks (which are in some cases notionally independent) have done a pretty good imitation of cash cows being intensively milked—or slaughtered, if you take a less charitable view of events.

As suggested last week, the foreign exchange markets had the French franc in their sights, and have done a considerable amount of damage to the stability of the currency.

The pattern of events was familiar enough. The French central bank had committed around half its reserves, estimated at \$10 billion, when the franc crisis was at its zenith in mid-week.

The cheapest form of intervention is the threat. It can make traders cautious and costs nothing. By wading in, the banks have shown they are virtually powerless if they fight against the market rather than trying to cajole it.

ECU Bonds: The Chaos Is Real, but It's Not a Waterloo

A Narrow Vote in France Has Jarred a Continent

By Katherine Burton

THE French may have narrowly voted "out" in Sunday's referendum on the Maastricht treaty, but the future for European monetary union is still far from certain.

Adding to this general doubt is the chaotic state of European currency markets. The 13-year-old European Rate Mechanism (ERM)—the currency fluctuation guidelines created to promote monetary stability and prepare for a single European currency—has blown apart.

All this confusion is wreaking havoc on the European Currency Unit (ECU) bond market. The ECU, a basket of currencies from the 12 member countries of the European Community, was created for central bank accounting purposes and as a precursor to a single currency.

When the Maastricht treaty—which set down guidelines for a single European currency by 1999 at the latest—was signed in December, ECU bonds were valued dramatically upwards. The rise in the purchase price on 10-year bonds, for example, caused yields to fall 40 basis points below the theoretical basket level of 8.9 percent.

Prices rose because bond investors, who must worry about risk from inflation and interest rate hikes as well as currency fluctuations, saw monetary union as insurance for a convergence of inflation and interest rates.

The yield on 10-year bonds issued in ECUs is now roughly 50 basis points, or

hundreds of a percentage point, above its theoretical yield. "The sentiment among investors now is that European monetary union will never happen," said Jane Edwards, international economist at Lehman Brothers in London.

The dilemma for investors is whether this latest yield disparity makes ECU bonds a good investment, or whether it signals a fool's venture. "Someone who buys ECU bonds now is a brave investor, and perhaps a well-paid investor," said Paul Home, international economist at Smith Barney, Harris Upham in Paris.

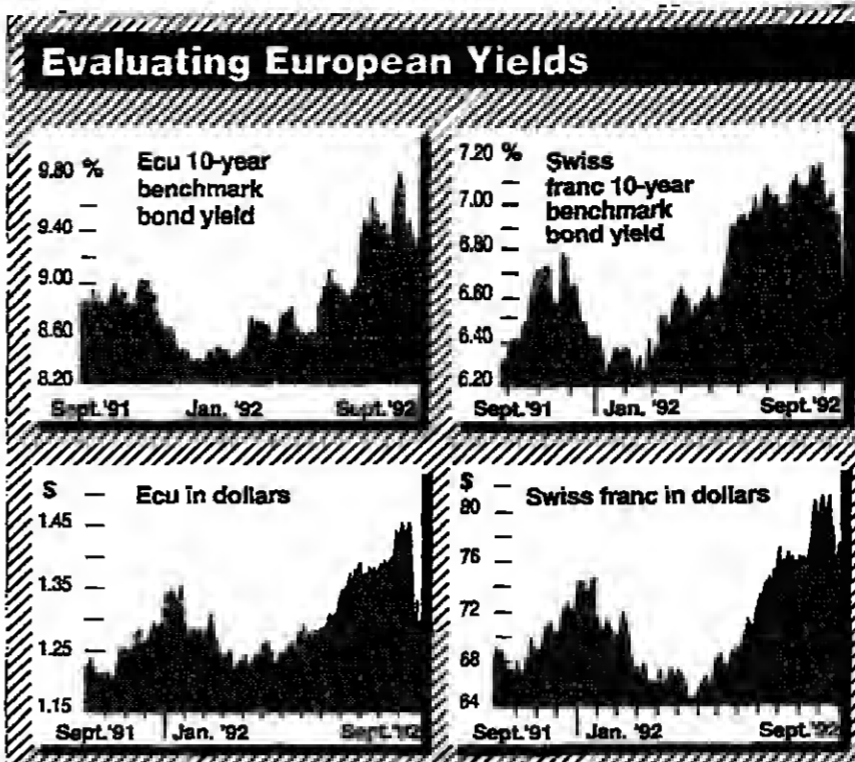
ECU bonds might once have been described as a best-of-both-worlds investment. They offered higher yields than bonds issued in refuge currencies like the Deutsche mark because the rates from higher-risk bonds of weaker economies like Italy or Greece were factored in.

Now ECU bonds contain many more inherent risks.

One threat is a rise in inflation. Although consumer prices in the EC have stabilized since August 1991 to between 4 percent and 5 percent, inflation in Britain and Italy could rise substantially if the countries remain outside of the ERM, since their currencies would then be periodically devalued.

Another concern for investors is the possibility of large exchange rate movements. The French franc has been saved from falling below its ERM floor in the past week only through consistent franco-buying by both the French and German central banks, intervention which analysts say cannot continue for much longer.

France may be forced either to accept an ERM realignment against the German mark or even join forces with Germany by allowing the Bundesbank to guarantee the franc. Under such a scenario, the other EC currencies would probably remain within the ERM, which might allow for wider fluctua-



Sources: Bloomberg Business News, Datastream International Herald Tribune

With Doubt, New Look at Swiss Franc

By Rupert Bruce

THE storms that have raged across Europe's foreign exchange markets in the last two weeks have driven many investors in search of traditional havens. And what could be more traditional than the Swiss franc?

But market sources say most of the money that has alighted on Switzerland is "hot" and will be off as soon as the storms blow over. Indeed a little "profit taking" was in evidence this week. But some of it has been invested in the Swiss franc bond market and may stay a little longer.

Richard Gray, a director of bond research at UBS Phillips & Drew, the investment bank owned by Union Bank of Switzerland, said: "Yes, some has gone into the Swiss franc bond market. All Swiss instruments are better bid than a couple of weeks ago."

That means prices of Swiss investments in general have risen while yields have correspondingly fallen. In the case of Swiss bonds there has been quite a significant fall in long bonds yields from as high as 7.3 percent a little more than a month ago to just over 6.5 percent.

Many Swiss market observers believe that the troubles of the European Monetary System (EMS) may be good news for the bond market. Bernard Lambert, the economist responsible for Switzerland at the private bank Pictet & Cie, said bond yields had fallen and prices risen in response to the currency club's problems and monetary easing.

While the Swiss franc is not, and never has been, a member of the EMS, the market perceives it to follow similar anti-inflation policies to the Bundesbank, the German central bank. Part of the effect of this was that its bond yields were expected to become very similar to Germany's, which are higher. For that reason, Swiss franc bond yields had remained high through the summer.

But, Mr. Lambert said, now, with the EMS looking increasingly fragile, it was no longer assumed that Swiss franc bond yields would have to stay high to meet German bond yields when they eventually fell. Instead yields could fall, and prices rise, as inflation fell. Over the last year, inflation has fallen from its 1991 high of 6.6 percent to a year on year rate of 3.6 percent in August.

In addition, the Swiss National Bank, the central banking authority, was able to cut its discount rate by 0.5 percent and to ease other short term interest rates in the first week of this month, after the Bundesbank was forced to trim rates.

Now, with inflation falling fast and unemployment rising quickly, some argue that Switzerland is ripe for a further easing of rates. That should again lead to yield reductions and price rises in the market.

All of this is a far cry from the poor state of the bond market in the 1980s. Then Switzerland lost much of its reputation as a financial fortress, renowned for economic probity, low inflation, a strong currency, and, of course, discretion.

With inflation running at 6.6 percent, and long bonds yielding 6.5 percent at one point, the market was hardly attractive for domestic or foreign investors. Local bond market players say it deterred foreign investment and encourage locals to invest abroad.

Dominique Kunz, manager of Swiss franc new issues at Swiss Bank Corporation, said: "The traditional nominal interest rates in Switzerland are among the lowest in the world. So we have had low nominal interest rates and very high inflation. All this made the Swiss franc and unattractive investment currency."

But there was still a big local investor base in the Swiss private banks' huge client list and the Swiss themselves. These investors needed higher yields in the face of high inflation and so a quasi-junk bond market came to Switzerland. The list of foreign corporate names that came to the market in the 1980s reads like an insolvency practitioner's case book. To name but a few, there were: Maxwell Communications Corporation, Polly Peck International, and Mountleigh, the British property and retailing company.

Mark de Frisching, a director of the investment bank Warburg Soditic, was involved in managing the Polly Peck and Mountleigh issues. He said the market attracted many small investors whose requirements were very simple. But, with many of the 1980s high-yielders languishing in administration, Chapter 11 Bankruptcy, or some other form of insolvency, the Swiss market has become more mindful of credit quality. In the last year, there has been little appetite for new issues outside AAA and AA rated bonds, in other words bonds issued by governments and organizations with the highest credit ratings.

So, now that the Swiss banks have found that they can no longer peddle high risk paper, and with lower inflation, the bond market seems in much better shape. But some professional bond investors still find it unattractive.

Caroline Gray, an investment manager with the bond team at Guinness Flight, the British investment house, said: "From our point of view I would still rather own a Swiss one, if I was going to choose between the two. German inflation is the same as Swiss inflation so which would you rather have?"

Other investment managers complain that the market is rigged by the Swiss banks and illiquid.

When it comes to a comparison with the German bond market, however, Swiss franc bonds have one advantage. They are not going to be deluged with new bond issues to pay for German reunification.

Mr. Gray said: "We remain bullish for bonds and for Swiss francs, particularly if you are looking to preserve capital, which in the sort of turmoil we have seen in the past few weeks is sensible."

"You get all the protection from the Deutsche mark link without any of the east German bond issue by holding a Swiss franc bond. The only disadvantage is that you do not get much yield from it, but then you cannot have everything. It is essentially a defensive play."

The problem now is if the ERM takes a step backward to a looser system, then we will see the ECU weaken relative to other currencies," said Ms. Edwards of Lehman Brothers. "We don't know whether the ERM is going to survive, there is no clear path forward, and there won't be until the summit," she said, referring to the meeting scheduled for Oct. 16 to discuss the future of the Maastricht referendum and monetary union.

There are many reasons to believe that the ECU bond is safe, not least of which are political concerns," said Paolo Kind, senior income strategist at Soloman Brothers in London. He said because, for example, the French government has issued so many ECU bonds, it is now obliged to ensure the market remains viable and liquid.

Miserable Markets Hold Investing Opportunities Speculation Amid the Wreckage

By Martin Baker

THE political analysts, the government employees and the politicians may be puzzling over the difficult theoretical question of whether the Exchange Rate Mechanism (ERM) is really dead on its feet, but for the hardened investor there's only one question worth answering: Is there any meat left on the bones?

The answer for the institutional investor has clearly been affirmative. Traders round the world bought German marks and gold French francs, and, particularly in Friday's trade, dollars.

But what if you don't have the millions required to be taken seriously in the foreign exchange markets? How do you take advantage of the massive swings that make millions for the institutions?

The short answer is that in most cases you don't—for two reasons. First, it's usually not a smart move to follow a pronounced trend. Anyone trading French francs for German marks in the latter part of the week would have done well to make money. There are, of course, exceptions: An investment in dollars against sterling, particularly using warrants or options, would have been immensely profitable last week, even when the run on the British currency was well advanced.

Two investment picks that arise from the currency crisis follow. One is highly speculative, short-term, and only for those who want speculative gain and can afford to lose their money. The other is for the longer term player who wants to be assured of a return of some sort.

The big off-the-wall play is a new contract in an ancient commodity. The contract is a newly launched warrant; the commodity is gold.

The arguments for and against gold are well rehearsed. Detractors of the metal point to the fact that it doesn't perish, so as time goes by and more gold is mined, so the supply of gold increases. They also argue that the investment community has given up on gold as an inflation hedge, or a refuge in times of crisis. The bullion price obstinately refused to budge through such crises as the crash of 1987, Iraq's invasion of Kuwait, and the military coup in what was then the Soviet Union.

Those with bullish feelings for gold argue that production costs are such that it can go little lower than this week's level of just under \$350 per ounce. They say that through the 1980s financial assets provided an excellent yield against deposit accounts and inflation. As a consequence, gold deserved to be knocked off its lofty height of \$800 per ounce, a price it briefly attained in 1980.

But now, runs the argument, things are different. There is a new uncertainty in the financial markets. The ERM's disarray is symptomatic of a greater malaise. A fog of uncertainty has descended, and the free market in financial instruments is beginning to choke.

Both Spain and Ireland have already introduced restrictions on currency trading, and if the rumors of the imposition of withholding tax on certain German money market instruments are true, there will suddenly be a change of market sentiment, and bullion will be back in fashion.

If that reasoning appeals to you, you may be interested in a newly launched Goldman Sachs gold warrant that confers the right to buy one ounce of the metal at \$370 in October 1993. The warrants currently trade around \$20 each. If gold rises to, say, \$410,

A fog of uncertainty has descended, and the free market in financial instruments is beginning to choke.

investors will realize a gain of more than 150 percent.

Kipp Nelson, executive director of derivatives marketing at Goldman Sachs, believes "the financial logginess will prompt a move to gold. The re-introduction of exchange controls is symbolic."

Chris Madgald, a director of independent financial adviser Brooks Macdonald Gayer in London sounds a note of caution, however: "The uninitiated private investor has always been the less loser on commodities."

A more conservative strategy is "dead obvious, but something you'll make a hell of a lot of money from," according to Howard Flight, director of investment house Guinness Flight. Mr. Flight's strategy is to invest in a wide range of European bonds of 10- to 20 years' unexpired term, and "to wait for interest rates to fall dramatically."

Mr. Flight anticipates rising bond prices as interest rates fall, and capital appreciation—particularly against the German mark, which he regards as overvalued.

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THE MONEY REPORT

Channel Islands: What's Good For Europe Is Better for Us

An EC Clause Guarantees Offshore Status

By Philip Crawford

As an anxious Europe debates the Maastricht treaty and the practical meaning of France's water-tight endorsement of it last week, there's a calm, perhaps a telling one, just off the British coast in the Channel Islands.

Fund managers in Jersey and Guernsey say France's ratification of Maastricht can only make the Channel Islands that much more attractive to investors. Why? Many say that next year's EC single market in financial services along with the later prospect of cohesive political, economic and monetary union may eliminate the tax haven status of Luxembourg and Ireland, the Channel Islands' main competition as offshore centers.

To those who argue that the French "yes" means little and that the treaty as currently written will never become the law of the land—a view lent more credibility by the Danish stance this week that the treaty should be amended—some in the Channel Islands retort that France's endorsement at least keeps the treaty alive, and that the mere threat of homogenized EC tax laws may be enough to steer investors toward the Channel Islands and away from their European rivals.

The EC is committed to fiscal harmony, and it ultimately won't allow tax havens within its own boundaries," said Martin Dryden, managing director of Gartmore Fund Managers International Ltd., which has two umbrella funds with a total of 30 classes domiciled in Jersey. "I can't see the special status of Luxembourg and Dublin lasting. It's a real opportunity for the Channel Islands, situated right on Europe's doorstep."

Indeed, the fact that Jersey and Guernsey are each politically independent entities—although they are militarily protected by the British crown and have monetary union with the pound sterling—is what will apparently allow the islands to retain the special tax legislation enacted years ago by their respective parliaments, regardless of what happens in Europe. And as is the case with both Luxembourg and Dublin, it's the kind of tax legislation that attracts international investors in droves: nonresidents receive interest income from deposits in gross and are not subject to any capital gains, wealth gift, death, or any other forms of tax by the local government.

No Channel Islands financial institution is under any legal obligation, moreover, to report its clients' investment income to foreign revenue authorities, and none do so. "There's no precedent of assisting revenue authorities in other countries," said Ian Swindale of Mount & Co., a Jersey trust company. "The precedent is of not assisting them."

Even though the islands are tied to the United Kingdom in certain ways, their immunity from EC

mandates, and thus from Maastricht, is secured by a protocol contained in the 1973 treaty by which the U.K. gained accession to the European Community, say local officials.

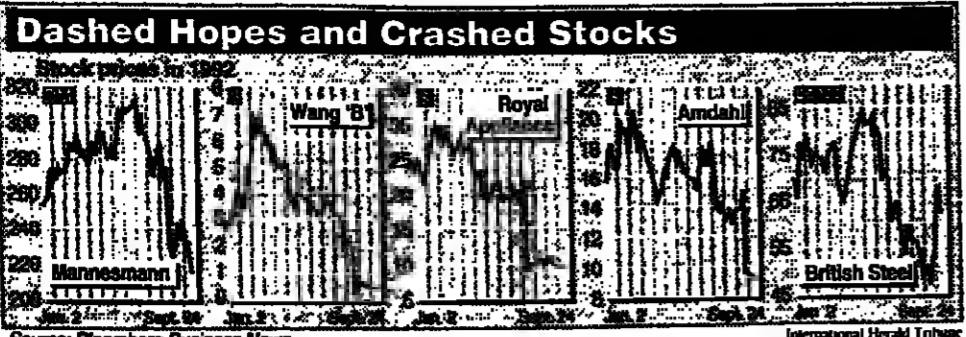
"Maastricht doesn't hold the same fears for us that it does for Luxembourg and Dublin," said Richard Syrett, director of Jersey's Financial Services Department, a regulatory agency. "We're inside the EC for purposes of free movement of both agricultural and industrial goods across borders, but we're outside for virtually everything else. In a sense, you could say we're 'offshore Europe.' In, but effectively out."

Whatever boost the Channel Islands might receive from uniform investment regulation in the EC—or from investor perception that that's what the future holds—would supplement an already thriving marketplace, one which some perceive as vying with Luxembourg for the distinction of the world's premier offshore financial center. In terms of total fund assets under management, Luxembourg is the leader with 923 registered funds worth 4.7 trillion Luxembourg francs (\$155.1 billion). Collectively, Jersey and Guernsey house 523 funds with a total asset value of about £20.1 billion (\$34.2 billion).

Like other offshore centers, the Channel Islands have the formidable task of assuring total confidentiality to their clients while trying to maintain a squeaky-clean image as a place where tainted money is unwelcome. Existing legislation outlines the duty of a banker or fund manager to guard the confidentiality of a client's affairs and a breach of that trust is a criminal offense under common law. There are clauses which protect a financial sector employee from that statute, however, if he suspects criminal activity.

"The duty of confidentiality has been reduced in a sense by provisions regarding any sort of money laundering operation, such as funds which could come from drug trafficking or terrorist activities," said Mr. Syrett. "If a worker knows of illegal activities or even suspects them, he's obligated to report it."

While some say that Luxembourg's laws in the same arena have more teeth (there, it's a criminal offense for a financial sector employee to disclose account information



Stocks: Skepticism Is Healthy

By Conrad de Aenlle

SOME of the more unlucky, or maybe just more cynical, denizens of the equity markets might say that two outcomes are possible after they buy a stock: It can fall, or it can plunge headlong into oblivion. The second possibility has happened in some conspicuous instances lately.

Many of the losers are computer shares. One day last week, shares of Amundahl Corp. fell about 35 percent, from \$15 to \$9.75. Last month, American Software had a similar one-day drop. The most spectacular loser this year may be the newly bankrupt Wang Laboratories, which recently saw its Class B shares go from just under \$7 to 25 cents in short order.

The tech need not be high for a stock to plumb new depths. Royal Appliances, a maker of portable vacuum cleaners bearing the ignominious name "Dirt Devil," fell \$12.25 on July 24 to less than \$9.

"We tend to call these stocks black holes—they implore on themselves," said Jerry Evans, an analyst at County Nat West Wood Mackenzie, invoking a more grandiose suction device. What separates companies like these from others that take substantial falls is the element of surprise.

"It's not the type of stock like IBM in the U.S. or Bayer in Germany or Pilkington in the U.K., where you can see bad news coming, so that if you walk into them it's your own bloody fault."

The bad news, he said, was a steady erosion in sales and profit margins. He cited some other, more unexpectedly miserable performers this year, including some of the biggest names in Europe, where markets have done considerably worse than in the United States.

Shares in Mannmann, the German engineering giant, fell 22 percent during the first three weeks of August; the price of British Steel was cut by a third from mid-June to late July, and British Aerospace lost half its value from late May to late July.

In several cases, "over a period of a week, the share price dropped 30 or 40 percent," Mr. Evans noted.

"To some extent it is less obvious why this has been going on. It's a mixture of a change of investor perception and a complete U-turn in some part of the business, whether financial or trading. People hadn't realized how bad the business was, then they decided to look again at the figures."

The tragedy will often unfold like this: Investors will decide that something is amiss at a company that may lead it to cut its dividend, something very important to traders in Britain, where yields are high because interest rates generally are, too. "Then," he said, "it becomes almost self-fulfilling: The company cuts the dividend because the yield is so high."

Some of the bigger dives in Europe have been in the Continent's industrial powerhouses. In the United States, it's often the upstarts that fall off the cliff—practitioners of new technologies or companies that recently had their initial public offerings, such as Royal Appliances.

The reason high tech concerns suffer such drastic declines, analysts say, is that the expectations for their performance are also high, sometimes too high to sustain.

"It's not only tech stocks, it's growth stocks in general," explained Bernadette Murphy, a technical analyst at M. Kimmelman & Co., which manages money for individuals and pension funds. "Smaller-capitalization companies are frequently emerging-growth companies that are supposed to have steadily increasing growth. When there's a disappointment in those earnings, the stocks are devalued—they've broken their track record."

Traders seem to have more opportunities to be disappointed now than in the past.

"Professional money managers now are held hostage by quarterly results," Ms. Murphy said. "They can't afford to stay in stocks where the earnings are disappointing, so they quickly sell those stocks. There's more of this action because the information is disseminated so rapidly. It's astounding how quickly the information is disseminated."

If there can be too much information churning out about stocks, there can also be too little. That's often the problem with new issues. Any stock can be priced more on expectation than facts, but because facts are limited when analyzing a new issue, it seems to happen more often with them.

Analysts who follow initial public offerings say many of them should be avoided for that reason. And because of recent disaster stories like Royal Appliances, which traded around \$30 earlier this year, that's what has been happening.

"The market has become a bit more resistant to public offerings," said Bob Meszal, a research analyst at the monthly newsletter New Issues. "Many have had to go back to the drawing board. What will buyers accept in price and number of shares?"

Many new issues succeed, of course, but figuring out which ones they will be is no small feat.

"It's a no-win, all-lose sort of proposition," Mr. Meszal lamented. "That's why when investing in new issues, although the returns are extremely high, the risks are very high, too."

For those who still have the stomach for it, there are ways to try to ferret out the good possibilities, he said, while avoiding going over the waterfall with the bad ones:

"There are a number of things you should look at as a prospective buyer of new offerings. Get a prospectus, that's the most important thing. Many customers don't read them, but they analyze every one of the red herrings that come across our desk."

Signs that something may be fishy include a preponderance of corporate insiders selling their shares.

Less money should go to executives and more to building the business.

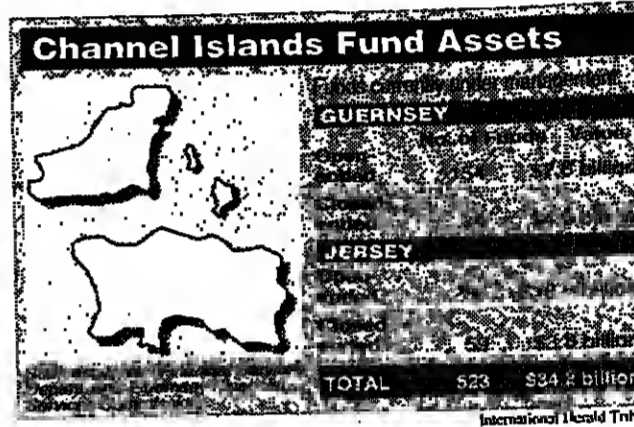
He also warned against being taken in by salesmen: "If a broker is touting an offering, don't even listen. In a good offering, there's more demand than shares."

"Get as much background on the company to make an intelligent investment decision," he advised. "One of the most intelligent decisions you can make sometimes is to walk away."

Best Performing Channel Islands Funds

Leading Jersey and Guernsey domiciled mutual funds. Value of \$100, income reinvested, excluding charges.

Guernsey Domiciled		Jersey Domiciled	
Over six months to Sept. 21, 1992			
Premier Life GR Dr.	118.76	Barclays ASF HK	142.64
Lloyds Int MME Swiss Fr	119.71	Barclays ASF S E Asia	138.51
Old Court HK	119.70	Barclays ASF Philippines	134.08
Guinness FI F Swiss Fr	119.69	OldMax T Swiss Fr Multi	121.90
Old Court IRL Swiss Fr	119.62	OldMax T Swiss Fr Multi	120.51
Old Court CFL Swiss Fr	119.49	Schroder MUF Swiss Fr	119.44
Lazard CRF Swiss Fr	119.38	Gartmore CDF Swiss Fr Dep.	118.41
RBC ICF Swiss Fr	119.27	Scholar MUF Swiss Fr	118.25
Prov. Capital SF Money MK	118.97	Hil Samuel ICF Swiss Fr	118.00
Guinness FI GSF HK	115.54	Mercury MMT Swiss Fr	115.00
Over one year to Sept. 21, 1992			
Prov Capital ER Schemt	147.54	Barclays ASF HK	190.80
Old Court HK	147.07	Barclays ASF S E Asia	172.94
Guinness FI GSF HK	143.30	Barclays ASF Philippines	151.68
Fininvest HK Life	133.11	Barclays ASF Thailand	138.57
Prov Cap Emerge Asta Schemt	123.75	OldMax T Swiss Fr Multi	125.03
Hambros EQUUS South East Asia	123.84	Mercury OST Pacific	124.91
Schroder Latin American	121.98	OldMax T Swiss Fr Multi	124.10
Prov. Capital Internl Spec Mkt	120.94	OldMax T Swiss Fr Multi	123.99
Old Court CFL Belgian Franc	120.76	Murray J South Asian	123.59
Old Court IRL Belgian Franc	120.70		
Over three years to Sept. 21, 1992			
Old Court HK	222.19	Citibank US Emerg Health Care	202.72
Prov Capital HK Schemt	211.95	Citibank US Emerg Tech	201.83
Guinness Emerging Markets	180.01	Citibank US Emerg Tech	174.31
Fininvest HK Life	169.35	Parquetel Offsh American Gls	169.34
Old Court CFL Danish Kr	169.93	Citibank STIF Irish Pound	165.16
Old Court IRL Bel. Franc.	163.75	Tynfield Managed Currency Stp	163.83
Old Court CFL Bel. Franc.	163.59	OldMax T Swiss Fr Multi	157.70
Old Court IRL Danish Kr.	163.35	OldMax T Swiss Fr Multi	157.67
Hambros CF Euro. Managed	163.34	Hypo F&C RAF St Term Stp Asia	157.16
Old Court IRL Sp Peseta	161.86	TSD Monthly Share	157.08



"We couldn't do what we want to do from here." said one Dublin-based official. But many in the Channel Islands are still saying that Europe's offshore centers won't ultimately remain at their core.

"The key is political stability," said Mr. Wilkinson of Investec-MTM. "Here, we already have it."

Some experts argue that investors just want performance and convenient settlement procedures from a fund, and that its domicile—communications being pretty good everywhere—is only a secondary factor. Fund companies themselves, moreover, register their products chiefly according to which market they're targeting, not according to which financial center they think has a cleaner image among investors.

Fidelity International Investment Management, for example, is in the process of redomiciling the bulk of its funds to Luxembourg— including some previously registered in Jersey—in order to take advantage of the UCITS directive and reach a pan-European market. "Jersey tends to be regarded as mainly a center for British expatriates," said Mary Blair, Fidelity's product development director.

BRIEFCASE

Laurentian Launches A Guaranteed Bond

The U.K. arm of Laurentian Financial Group has launched a new guaranteed investment bond. The fund tracks the U.K. FTSE 100 index of leading shares, and guarantees the return of investors' capital, if U.K. shares fall, at the end of a fixed five-year investment period.

A bonus for investors is that if the U.K. market rises, Laurentian promises to enhance any increase in the value of the index by at least 15 percent. Minimum investment is £5,000 (\$8,500).

For more information, write: Laurentian Management Services, Laurentian House, Barnwood, Gloucester GL4 7RZ, U.K., or call Gloucester (44 452) 371 371.

Pond Offers Tips On Cutting Expenses

Beleguered bill payers have a new self-help guide to turn to called "1,001 Ways to Cut Your Expenses," by Jonathan D. Pond, a financial planner known to early risers in the United States from his appearances on the "Today" show.

There are some good tips in the section on income taxes that account readers with some of the more arcane clauses of the U.S. tax

code. One of these is: "If your spouse accompanies you to a convention or on a business trip, you can usually deduct most of the cost of the hotel or motel."

Some good suggestions are made in the debt section, too, such as "make extra principal payments on your mortgage," but there is also one that seems to be a formula for

disaster. It reminds people needing short-term loans that money can be taken out of tax-advantaged retirement accounts without penalty for 60 days, although Mr. Pond concedes it's not a great idea. In that case, what is it doing there?

The book is available in paperback from Dell Publishing. It costs \$8.

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China to Drop Controls on Investment

HONG KONG — China is likely to open up almost all industries to foreign investment and scrap administrative restrictions on imports after a crucial Communist Party meeting next month, a pro-Beijing daily said on Friday.

The government has developed new thinking in reform: "Aside from 'bread and butter,' everything could be opened to foreign investment," Hong Kong's Wen Wei Po newspaper quoted Beijing sources as saying.

Senior leaders at the 14th party congress will probably allow foreign investors to take part in building airports, railways and roads, said the newspaper, which often acts as a mouthpiece for the Chinese government line.

"The central government will give special support to foreign investors who plan to build major airports in northwestern China," it quoted authoritative sources as saying.

Wen Wei Po said primary industries including crude oil and coal would be opened further to foreign partners.

China will also open up other markets to foreign goods by easing import regulations in line with the General Agreement on Tariffs and Trade, it said.

China is seeking to join the world trade body. It is also in dispute with the United States.

The report said fledgling car and camera industries would remain protected.

Westpac Board Under Pressure

SYDNEY — Pressure is mounting on Westpac Banking Corp.'s board to resign in the aftermath of the bank's failed rights issue.

The underwriter, CS First Boston Securities, which found itself stuck with \$83 million Australian dollars (\$635 million) worth of unsold shares from the 1.2 billion dollar, 3-for-10 rights issue on Wednesday, said Friday that it had failed to dispose of any of the shares in a special one-day tender on Thursday.

The markets were aboil with rumors that Kerry Packer, Australia's wealthiest man, had offered to buy 10 percent of the shares and seek two seats on the board but that the bid had been rejected by the board. Westpac's chairman, Sir Eric Neal, issued a statement denying the rumor.

The Westpac board in general, and Sir Eric in particular, have come under increasing public attack since the bank wrote down enormous real estate-related losses earlier this year, giving it a half-year loss of 1.7 billion dollars. The failed rights issue has heightened anti-Westpac sentiment.

Mr. Packer's name has cropped up periodically in connection with the share issue. There has also been speculation that, if Mr. Packer bought a sizable block of shares, he would go into Westpac with a big broom.

"There are a lot of pressures on the board," said

Brian Gascoigne, an analyst with Prudential Bache Securities. "The only question now is, 'Will they be thrown out or walk?'"

CS First Boston and 50 subunderwriters are bearing the brunt of the public's lack of confidence in the bank, traders said.

The 1.2 billion dollar Westpac issue offered shares at 3 dollars each, but the price of the stock has spent most of the past month below that level. Westpac shares have fallen 34 percent from 4.32 dollars in early May. They closed Friday at 2.86 dollars, off 5 cents.

Frank Conroy, Westpac's managing director, said the recession, the volatile dollar and speculation in the bank's shares contributed to the failure of the rights issue.

But in assessing blame, he made no mention of the bank's half-year loss on real estate writedowns nor the subsequent flood of media and shareholder criticism aimed at bank management.

Mr. Conroy said the bank's share price did not adequately reflect the fundamentals of the bank.

"As any overhang of this issue trades out, I look forward to a price based on the outlook for the future performance for the bank," he said.

But he did not say what the outlook is. Earlier this week, Westpac announced that it had called in the outside management consultant McKinsey & Co. to help put it back on track.

Foreign Chip Sales Increase in Japan

TOKYO — Japan announced Friday that the share of foreign-made products in its semiconductor market had risen to 17.9 percent in the April-June period, compared with a U.S. calculation of 16 percent for the same period.

The Ministry of International Trade and Industry said in a report that the April-June share was up 1.3 percentage points from the first quarter and closer to a U.S.-imposed goal of more than 20 percent. The ministry said the growth was due to Japanese users' efforts to buy more foreign semiconductors in spite of the sluggish Japanese computer chip market.

But Carla A. Hills, the U.S. trade representative, on Thursday put the foreign share of the market at 16 percent for the second quarter, up from 14.6 percent for January-March.

The Japanese figure includes mi-

crochips sold by U.S. producers to their Japanese units and chips made by Japanese companies but sold in Japan under the brand names of foreign companies. The U.S. figure excludes such products.

Japan and the United States agreed in August last year that U.S. chipmakers might expect a share of more than 20 percent in the Japanese market by the end of this year. Tokyo says the 20 percent level is just a target, but Washington insists that it is a Japanese commitment and must be attained.

A MITI official said it was "difficult to predict" whether Japan could reach the goal or not.

Samsung Has Prototype Of 64-Megabyte Chip

SEOUL — South Korea's Samsung Electronics Co. said Friday that it had developed a working prototype of a 64 megabyte DRAM semiconductor ahead of its Japanese and other foreign rivals.

The semiconductor market is dominated by less sophisticated 1 megabyte and 4 megabyte Dynamic Random Access Memory chips and the market for 16 megabyte DRAM chips is still in its infancy. Samsung will produce engineering samples of the 64 megabyte chip by June 1994 and start marketing them in 1995, it said.

Olympus and Asahi Settle With Honeywell on Patents

TOKYO — The Japanese camera makers Olympus Optical Co. and Asahi Optical Co. announced Friday that they had reached an out-of-court settlement in their disputes with Honeywell Inc. over alleged infringement of the U.S. company's patent on auto-focus systems for 35mm cameras.

Details of the settlement, the third that camera makers have made with the American concern, were not disclosed.

Minolta Camera Co., which Honeywell also sued, settled its patent infringement dispute in March, paying out \$127.5 million.

Canon and Nikon settled their disputes with Honeywell in August.

Both Japanese companies said they would pay licensing fees to Honeywell for the use of the technology, as well as monthly fees for expected sales. Asahi, maker of Pentax brand cameras, did not announce the terms of its

settlement but Olympus said it would pay Honeywell a total of \$347 million for use of the patented technology.

Honeywell sued Olympus, Asahi, Minolta and other Japanese companies — including Canon Inc., Nikon Corp. and Ricoh Co. — in U.S. courts earlier this year over alleged infringements of its auto-focus technology patents. It also sued Eastman Kodak Co. of the United States.

Investor's Asia			
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
1992	1992	1992	
Exchange Index	Friday Close	Prev. Close	Change
Hong Kong Hang Seng	5,886.16	5,858.73	+0.48
Singapore Straits Times	1,339.75	1,325.32	+1.09
Sydney All Ordinaries	1,486.40	1,507.20	-0.72
Tokyo Nikkei 225	18,394.76	18,609.95	-1.16
Kuala Lumpur Composite	602.60	593.07	+1.81
Bangkok SET	859.17	863.61	-0.51
Seoul Composite Stock	525.57	523.35	+0.42
Taipei Weighted Price	3,472.80	3,540.48	-1.92
Manila Composite Stock Index	1,389.61	1,386.42	+0.23
Jakarta Stock Index	297.62	297.62	-0.10
New Zealand NZSE-40	1,467.70	1,471.94	-0.29
Bombay National Index	1,466.39	1,463.84	+0.31

Very briefly:

- Dickson Concepts (International) Ltd. of Hong Kong, a luxury goods retailer, has agreed to invest 186 million Hong Kong dollars (\$24 million) in outlets in three Chinese cities: Shenzhen, Shanghai and Chengdu.
- The New Zealand High Court issued a temporary injunction preventing Sir Robert Jones, the founder of Robert Jones Investments, from trading shares in the company after a stock-exchange report said he had failed to disclose various transactions involving the property group.
- South China Securities Co., one of three large securities houses formed by state banks and designed to assert control over China's troubled markets, will open Monday in the southern city of Shenzhen.
- Hainan, China's island province, is opening the country's first futures market for farm products and tropical crops, which will conduct its first transactions, for melon, on Monday.
- China is to build a land-based fiber-optic network, stretching 11,790 kilometers (7,400 miles), that will eventually link China with Europe via Central Asian republics.
- Fumei Ltd., a Japanese industrial robotics company, has revised its earnings forecast downward, saying it now expects current profit to fall 50.4 percent to 15.4 billion yen (\$128 million) in the half year to Sept. 30.
- Hitachi Information Systems, a Japanese data supplier, revised earnings estimates downward; it now expects current profit to fall 38 percent to 1.5 billion yen in the half year.
- Halla Group of South Korea has agreed to a joint venture with the city of Tangshan, China, to build a \$220 million cement factory with an annual capacity of 1.2 million tons.

Tatsuro Toyoda Takes Over

TOKYO — The board of Toyota Motor Corp. on Friday elected Tatsuro Toyoda president at the annual stockholders' meeting.

It was announced in July that Tatsuro Toyoda, 63, had been selected to replace his elder brother Shoichiro Toyoda, 67, as president of the company founded by their family in the mid-1930's.

Tatsuro Toyoda, a fluent English speaker, is known for his broad experience in handling the company's domestic and international business. He holds an engineering degree from Tokyo University and a master's of business administration from New York University.

The board also named Shoichiro Toyoda chairman in place of Eiji Toyoda, who will become honorary chairman.

Additional changes include the promotion of Masami Iwasaki from creative vice president to vice chairman and the promotion of five men to the post of executive vice president from senior managing director.

The board also voted to merge Toyota's product development division with its research and advanced development division.

Toyota has reported that group pretax profit for the business year ended June 30 totaled 428 billion yen (\$3.53 billion), down 39.7 percent for the second consecutive yearly decline. The company said profits will be flat this year due to a prolonged slump in domestic demand.

Strike Strains In South Korea's Heavy Industry

SEOUL — Riot police firing tear gas on Friday stormed into a steel plant in South Korea's southeastern industrial city of Changwon to quell a 17-day-old strike, witnesses and a company spokesman said.

The 1,600 workers at Sammi Steel Co. went on strike after the management, citing accumulating losses, froze wage increases for this year. The workers' union has demanded a 5 percent raise.

In a related development, 3,600 workers at Korea Heavy Industries Co. also in Changwon, launched a strike after rejecting a 5.9 percent wage increase suggested by the management. The workers have called for a 20 percent raise.

In nearby Ulsan, workers at Hyundai Mipo Shipbuilding Co. entered their fourth day of a stoppage, while workers at three other Hyundai subsidiaries were moving to walk out, Hyundai executives said.

Pohang Steel To Delay Issue

SEOUL — Pohang Iron & Steel Co., South Korea's largest steelmaker, will delay issuing between \$200 million and \$300 million in Eurobonds due to growing uncertainties in the Euro market, company executives said Friday.

Terms for the five-year Eurobonds were supposed to be decided in London on Thursday but investors are maintaining a wait-and-see attitude on new issuance of Eurobonds because of the turmoil in European currency markets. "It is not just Posco's problem," one executive said. "This week is a run into the same difficulties."

Posco wanted to issue the Eurobonds at five-year U.S. Treasury bond rates plus 95 basis points. But the market situation seems to indicate the best terms will be at least 110 points over the Treasuries.

WILD: Open Doors, Open Crime

(Continued from first finance page)

more businessmen will begin visiting the city if, as they expect, direct air links to Nigata, Japan, and Anchorage, Alaska, begin in a few months.

There are signs they may be right: The United States opened a consulate in Vladivostok this week and Japan plans to move its consulate from Nakhodka, a major port just up the coast that, unlike Vladivostok, had been open to foreigners.

Japanese trading company officials in Khabarovsk, a city about 800 kilometers to the north that is the Russian Far East's other major city, say they could move to Vladivostok as soon as next year; more companies are certain to follow.

"Businessmen will be the first wave," said Vadim V. Shmatyuk, deputy general director of Acel Co., a major trading company involved in tourist development. "We still need to build hotels and transportation systems. Later, we'll get around to setting up museums and theaters."

The tourists will find a city of 725,000 where trams clank up hilly streets past sometimes graceful turn-of-the-century European buildings.

The companies are hopeful that

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WEIGHS 505 KG
AND GIVES
COWBOYS
RED FACES?**

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Team CAMEL FORMULA 1

Estoril, Portugal, September 27th.

طريقنا من الاجل

صحة من الامم

AMEX Friday's Closing

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, PA, City. Lists various stock prices.

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INTERNATIONAL FUNDS

Sept. 25, 1992

Conditions specified by funds listed. Net asset values and quotations are supplied by the Funds listed with the exception of some quotes based on noon prices.

The monetary symbols indicate frequency of quotations: d=daily; w=weekly; m=monthly; r=quarterly; y=yearly.

DAVE BARRY
Weathering the Storm

M IAMI—As you are probably aware, especially if you are one of those people whose major appliances are still up in trees...

Willem Breuker's 'Human Being Music'

By Mike Zwerin
International Herald Tribune

PARIS—The other nine musicians on stage dismantle the drummer's kit while he takes a solo, leaving him increasingly to his own devices...



Willem Breuker: "I'd like to think my music is good for your health."

Today's young neo-boppers play yesterday's standards with 40-year-old chord sequences, "automatically eliminating today's miracles."

group of people to stay as close as he was able to get to the music...

The money is split evenly ("our books are open, nothing is hidden") no leader's premium. They each carry their own equipment (no roadies) and have non-musical responsibilities...

PEOPLE
Woody Allen

It seems Woody Allen is tired of having his art and life. Entertainment Weekly says...

Chinese rock star Cai Jian has had to cancel his first North American tour, scheduled to start next week...

ANNOUNCEMENTS

INTERNATIONAL ART EXHIBITIONS AUCTION SALES COLLECTOR'S GUIDES IN SATURDAY'S...

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AGEDI... BUSINESS MESSAGE CENTER... AGENTS ADVISED... Various business and service advertisements.

Place Your Classified Ad Quickly and Easily... INTERNATIONAL HERALD TRIBUNE... Various classified ad listings and contact information.